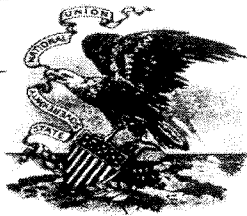


# STATE OF ILLINOIS

## DEPARTMENT OF INSURANCE



IN THE MATTER OF  
THE NONRENEWAL  
OF STATE FARM MUTUAL  
AUTOMOBILE INSURANCE COMPANY  
INSURANCE CO.  
POLICY NO. 579-5093-E01-13C  
ISSUED TO:

HEARING NO. 10-HR-0536

BREANNA WHITE

### ORDER

I, Michael T. McRaith, Director of Insurance for the State of Illinois, hereby certify that I have read the Findings of Fact, Conclusions and Recommendations of the Hearing Officer, Joseph T. Clennon, heretofore appointed and designated pursuant to Section 402 of the Illinois Insurance Code (215 ILCS 5/402) to conduct a hearing into the above-captioned matter, and that I have carefully considered the Findings, Conclusions and Recommendations of the Hearing Officer.

I, Michael T. Mc Raith, Director of Insurance for the State of Illinois, being fully advised in the premises, do hereby adopt said Findings of Fact, Conclusions and Recommendations as my own, and based upon the same, enter the following Order under the authority granted me by the applicable sections of the Illinois Insurance Code, and do hereby ratify, approve and confirm the Findings of Fact, Conclusions and Recommendations made by the Hearing Officer attached hereto and made a part hereof.

**IT IS THEREFORE ORDERED** that the cancellation of State Farm Mutual Automobile Insurance Company Policy No. 579-5093-E01-13C is sustained, and that the cancellation shall be effective thirty (30) days from the date of this order.

**IT IS FURTHER ORDERED** that the State Farm Mutual Automobile Insurance Company shall be paid a premium by Ms. White for the extension of coverage, and that such coverage is contingent upon payment of the premium. State Farm Mutual Automobile Insurance Company shall charge Ms. White the premium that was in effect at the time of the cancellation.

**IT IS ALSO FURTHER ORDERED** that the costs of this hearing shall be waived.

This Order is a Final Decision pursuant to the Illinois Administrative Procedure Act (5 ILCS 100/1 et. seq.). Parties to the proceeding may petition the Director of Insurance for a Rehearing or to Reopen the Hearing pursuant to 50 Ill. Adm. Code 2402.280. Appeal of this Order is governed by the Illinois Administrative Review Law (735 ILCS 5/3-101 et. seq.).

DEPARTMENT OF INSURANCE  
STATE OF ILLINOIS

Date: 22 June 2010

  
\_\_\_\_\_  
Michael T. McRaith  
Director

# STATE OF ILLINOIS

## DEPARTMENT OF INSURANCE



IN THE MATTER OF  
THE NONRENEWAL  
OF STATE FARM MUTUAL  
AUTOMOBILE INSURANCE COMPANY  
INSURANCE CO.  
POLICY NO. 579-5093-E01-13C  
ISSUED TO:

BREANNA WHITE

HEARING NO. 10-HR-0536

### FINDINGS OF FACT, CONCLUSIONS OF LAW AND RECOMMENDATIONS OF THE HEARING OFFICER

The above-captioned matter was called to hearing in Springfield, Illinois at 9:30 a.m. on June 10, 2010, before Joseph T. Clennon, acting as Hearing Officer for the Illinois Department of Insurance ("DOI"), pursuant to the designation and appointment of the Director of Insurance of the State of Illinois. The Complainant, Breanna White ("Ms. White" or "Complainant") and the Respondent, State Farm Mutual Automobile Insurance Company ("State Farm" or "Respondent"), represented by Jeff Schroeder, appeared and gave evidence. Having heard and considered all of the evidence, testimony and exhibits offered at the aforementioned Hearing and having been otherwise fully advised in the premises, the Hearing Officer provides the following Findings of Fact, Conclusions of Law and Recommendations to the Director of Insurance:

### EXHIBITS

Hearing Officer Exhibit 1 contains the following; Authority to Conduct Hearing dated May 10, 2010, Notice of Hearing dated May 10, 2010 and a copy of 50 Ill. Adm. Code 2402.295

Hearing Officer Exhibits 2 and 3 are the United States Postal Service Domestic Return Receipts or Green Cards verifying that the parties received the Notice of Hearing.

Hearing Officer Exhibit 4 is a late filed exhibit of DOI Complaint File that contains the following;

- request for Legal Division requesting that this matter be set for a hearing,

- a Consumer Services Section of DOI letter dated April 12, 2010 sent to the Respondent concerning Ms. White's Complaint,
- Ms. White's Complaint dated April 6, 2010,
- a copy of Ms. White's envelope addressed to DOI,
- a Consumer Services Section of DOI letter dated April 12, 2010 sent to Ms. White's letter acknowledging her complaint,
- the April 16, 2010 Respondent's reply to Ms. White's complaint sent to the Consumer Services Section of DOI,
- the Respondent's letter notifying Ms. White of the decision to non-renew her car insurance policy,
- a copy of a listings of Certificate of Mailing (redacted) showing Ms. White as the last entry,
- the last page of the Certificate of Mailing signed by the mail room clerk,
- a Consumer Services Section of DOI letter dated April 30, 2010 sent to Ms. White's forwarding State Farm's Response to Ms. White's April 6, 2010 Complaint,
- a copy of the Respondent's reply to Ms. White's complaint dated April 16, 2010,
- a copy of the Respondent's March 22, 2010 Notice of non-renewal,
- a copy of the two pages previously identified above as Certificate of Mailing, and
- an April 30, 2010 Consumer Services Section of DOI letter to the Respondent informing them that the Department of Insurance is granting Ms. White's request for a hearing.

#### FINDINGS OF FACT

On March 22, 2010, State Farm issued a Notice of Non-Renewal to the Complainant a resident of Illinois. The notice is entitled "State Farm's Car Insurance Policy Number 579-5093-E01-13C" and stated that "After a current review, we are sorry that we cannot continue this insurance after the date and time of nonrenewal shown above". The date and time listed on top of the notice are May 3, 2010 12:01 AM Standard Time. The notice went on to reference 3 claims; 12-09-2009 Accident, Claims 06-16-2009 and 12.14-2008. (Respondent's Exhibit 1)

Ms. White filed a Complaint on April 6, 2010. In her Complaint Ms. White indicated that the reason stated by State Farm for the cancellation was overall claim activity, and her age. She stated, "I am being canceled due to my age and amount of claims filed. I feel that everything shouldn't be labeled as being my fault." Ms. White's Complaint went on listing four accidents, 1 in June of 2008, 2 in December 2009 and 1 in February of 2010. (HO Exhibit 4)

Once Ms. White filed her Complaint various letters and correspondences listed in Hearing Officer Exhibit 4 were exchanged through the Consumer Services Section of DOI. Of importance to the instant proceeding is the Respondent's April 16, 2010 reply to Ms. White's complaint filed with the Consumer Services Section of DOI, which stated in part:

This policy is being non-renewed due to Ms. White's overall claim activity. Our records show the following losses in the household:

Date	Reason for Loss/Violation	Amount
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02/06/10	Accident involving BreAnna	\$7,010.00
12/09/09	Accident involving BreAnna	\$7,253.00
06/16/09	Emergency Road Service	\$45.00
12/14/08	Parked Unoccupied Collision Claim	\$1,638.00

Ms. White's overall claim history is more severe than that of an average policyholder. After careful re-evaluation, we feel our best business decision is to discontinue coverage.

The reply listed 4 Reasons for Loss/Violation. The additional claim 02/06/10 was not included in the March 22, 2010, Notice of Non-Renewal to the Complainant.

On Thursday June 10, 2010 the hearing was convened on or about 10:00 a.m. in DOI's offices at 320 West Washington Street Springfield, Illinois, before Joseph T. Clennon, the appointed Hearing Officer. In attendance were the Complainant Ms. White, representing herself and Jeff Schroeder on behalf of the Respondent State Farm.

Ms. White testified as follows:

My last accident was February of this year during a snow blizzard and my car wouldn't stop. It slid into a pole. State Farm totaled out my car. And when it was time for my renewal I was cancelled because of my age and the amount of claims. It was too much.

Basically, I had about two claims. I had one in December a year ago. I was on my way out to Lincoln Land. There was three cars all together. I was the last car. My insurance company had to pay for the car that I hit, the second car. And I have had a claim for my keys being locked in my car. And that was like \$45. And they told me due to my amount of claims that I was being cancelled.

Jeff Schroeder on behalf of the Respondent State Farm testified as follows:

State Farm actually issued a policy to BreAnna White on November the 1st of 2008. And since that time our decision to nonrenew the policy was due to claim frequency.

Mr. Schroeder then listed a number of claims;

1. a claim on December 14, 2008 which State Farm paid out approximately \$1,638,
2. the June 16, 20'09 emergency road claim which State Farm paid out approximately \$45 and
3. the December 9, 2009, rear-end collision which State Farm paid out approximately \$7,253.

Mr. Schroeder testified that after the decision had been made to nonrenew, an additional claim was submitted on February 6, 2010 for hitting a utility pole which State Farm has paid out approximately \$5,610 to date. The claim is still open at the time of the hearing.

Ms. White was then allowed to cross examine Mr. Schroeder. Ms. White inquired as to why her premiums were higher after she requested this hearing. Mr. Schroeder testified to the following;

Ms. White's policy has been reinstated and it is in force at the time of the hearing and will remain so until the Director issues an Order to conclude this matter. Ms. White has paid her premium. Mr. Schroeder, also, testified that based on the "at fault claims" State Farm would have added a surcharge to Ms. White's policy at its renewal.

215 ILCS 5/143.23 states "[t]he policy will remain in force until such time as the Director has given his findings." There is no mention of renewal.

Mr. Schroeder also introduced State Farm's file on Ms. White's non-renewal. Respondent's Exhibit 1 contains the following documents, also introduced in Hearing Officer Exhibit 4:

- the April 16, 2010 Respondent's reply to Ms. White's complaint sent to the Consumer Services Section of DOI, and a fax of the first page of the same,
- the Respondent's March 22, 2010 letter notifying Ms. White of the decision to non-renew her car insurance policy,
- a copy of a listings of Certificate of Mailing (redacted) showing Ms. White as the last entry,
- the last page of the Certificate of Mailing signed by the mail room clerk.

#### CONCLUSIONS OF LAW

1. The Director of Insurance has jurisdiction of the subject matter and parties to the proceeding.
2. Joseph T. Clennon was duly appointed as the Hearing Officer for this proceeding.
3. Section 143.24 of the Illinois Insurance Code states as follows:

Limited Nonrenewal of Automobile Insurance Policy. A policy of automobile insurance, as defined in subsection (a) of Section 143.13 [215 ILCS 5/143.13], may not be nonrenewed for any of the following reasons:

- a. Age;
- b. Sex;
- c. Race;
- d. Color;
- e. Creed;
- f. Ancestry;
- g. Occupation;
- h. Marital Status;

- i. Employer of the insured;
- j. Physical handicap as defined in Section 143.24a of this Act [215 ILCS 5/143.24a].

4. The Complainant's assertions, that State Farm did not renew her insurance policy because of her age were not sufficient to prove that the Respondent's nonrenewal was connected to her age. No testimony was offered to show that age was considered by the Respondent.

5. The undisputed evidence showing that the Complainant had incurred a number losses corroborated the Respondent's assertions that the policy was nonrenewed due to unfavorable loss history, which is a lawful reason for nonrenewal.

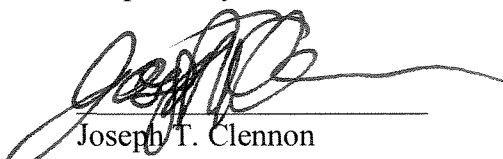
6. In nonrenewing the Complainant's policy the Respondent did not violate Section 143.24 of the Illinois Insurance Code (215 ILCS 5/143.24).

#### RECOMMENDATIONS OF THE HEARING OFFICER

The Respondent's nonrenewal of the Complainant's insurance policy was correct and the company need not retain the risk. Pursuant to Section 143.23 of the Illinois Insurance Code, the policy should remain in effect for a period of at least thirty days subsequent to the issuance of an order sustaining the nonrenewal of Complainant's insurance policy, subject to payment of premium by the Complainant. The costs of this hearing should be waived by the Department and not be assessed against the Complainant as she is unemployed.

June 17, 2010

Respectfully submitted,



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Joseph T. Clennon  
Hearing Officer